

the Democrats and Republicans were competing to see who "liked Ike."

Our bilateral system was a Frankenstein, stitched together when colonialism was fading, nationalism was coming to the fore—and a protectionist system of managed trade seemed the best we could muster.

And that bad beginning got steadily worse—reaching bottom with the so-called Bermuda II agreement in 1977.

It's a wonder the system served us as well as it did, as long as it did.

Today—we must all agree—the system is slowly strangling us.

What we have now is a kind of controlled chaos—an industry impasse in which no one is comfortable with the system as it is, but no one can make the move to the more competitive system we need.

Take United's position as a case in point, squeezed by the straight-jacket we call Bermuda II. Geographically, the U.K. is key to United: A gateway to the entire continent of Europe—and beyond, a critical crossroad in the global aviation market.

While we are one of only two U.S. carriers allowed to serve Heathrow, if we look at United's major hubs in the U.S.—every one carries tight restrictions on capacity to Heathrow:

At Washington, DC, we have been running load factors to Heathrow of 92 percent for the last three months—and yet we were just turned down for two extra frequencies a week.

At Chicago, our largest hub, after a four-year struggle, last week we finally gained access to Heathrow—and yet it's limited to seven weekly flights in a 767. Let me emphasize—this is from the world's busiest airport to the world's largest international destination. But even that is better than Denver, our second largest hub—where we can provide no service at all to Heathrow. Of all the major country-to-country agreements to which the U.S. is party, none is more restrictive than Bermuda II.

But as bad as I believe Bermuda II is—this much I know: The real losers are the consumers. In this, Bermuda II claims its casualties on both sides of the Atlantic—hurting consumers with higher prices and poorer service in the U.S. and the U.K. alike.

So what's the solution? Certainly not the 1950's thinking that argues that the way to build your carrier's market share is to handicap the competitiveness of the others.

Market shares in aviation should be driven by customer choices—just as they are in most areas of trade today. I submit there is only one answer for the 1990s—working together for change—working together to open the skies of Europe, America, Asia and every point in between—to competition.

Now, I want to be clear: Just as the current bilateral constraints increasingly serve no one—competition, too, has its costs. Not all airlines will succeed—not all will even survive. But the alternative—the price of sticking with the status quo—is truly like two scorpions in a bottle. Neither will come out alive.

Why tinker at the margins managing trade? Why not simply throw open the doors—and let the competition begin?

Anything less than full competition really doesn't do either of us a favor—because in an industry as global as ours, we really can't hide from competition anyway.

What do we need? Liberalization—as much as possible, as soon as possible. A beginning today that we can build on tomorrow.

As our target, we ought to take an example from outside our industry: From the world of telecommunications. When you pick up a telephone and dial an international number or send a fax to an international destination—you don't want to negotiate with each

of the different companies that carries the signal or routes the call.

It doesn't matter to you whether it crosses the ocean floor by cable or skips over by satellite—what you care about is getting through to the other end. Yet our current system of air travel does just that to our customers—confronting them with a bewildering array of barriers and bottlenecks between them and their destination.

To their credit, both the U.S. and Britain have recently taken significant steps toward the liberalization of air transportation between our two countries. The differences seem to be over the pace of that movement, not the ultimate objective.

And, as I have pointed out to the U.S. government, in recent months—to give credit where credit is due—it has been the British side that maintained the momentum toward liberalization, while the U.S. (and United) was all but immobilized by our own internal squabbles.

To be candid, our struggle to launch direct Chicago-London service last week was impeded as much by vested interests in the U.S. as in the U.K.

Now of course, our small steps forward have been accompanied by two steps back—away from the negotiating table. We must all hope our two governments get back to the table—and resume the Phase II talks that are the only path to progress and to open skies.

There is a mystery I cannot comprehend: And that is how the U.S. and the U.K.—two countries that literally live by international trade—and with the possible exception of Japan, endure the rockiest bilateral relationship in the aviation industry.

The plain fact is—liberalization can't be limited. On the other side of the world—as across the Atlantic—the principle of consumer choice must prevail. The principle I hope will soon be put in practice for our two countries should apply equally to the opening of new routes in Asia.

Few tasks will be tougher. Japan's Ministry of Transportation, for example, seems fixated on a protectionist path—marching in one direction while the rest of the world moves in another.

What Japan seems to want in 1996 is a replay of the mistake the U.S. and the U.K. made in 1976 when we started down the path of Bermuda II. And as a recent editorial in the Far Eastern Economic Review noted, you can't open an issue of the Orient Airlines Association magazine without finding a list of reasons why competition is bad.

Much of the air service industry there remains locked in a mercantilist mindset. And that's unfortunate because Asia and Asian consumers are not exempt from the adverse consequences of attempts to limit air traffic.

There's no free lunch: When Japan's Ministry of Transportation imposes regulations to protect their carriers—consumers pay the price. It's an iron law of economics: One company's windfall is the consumer's downfall.

Competition is consumer friendly. It's a notion we haven't quite grasped yet. Take the recent positive steps toward opening more Japan destinations to Federal Express. In the industry, people are asking—Who won? Japan or the U.S.? I'll tell you who won. The consumers—of both countries!

As for United, we're ready right now to take interim steps toward the broad liberalization that will ultimately serve all of us best. In Japan, as we did in Germany, we are prepared to accept a period of constrained growth—to give JAL breathing space. But our ultimate aim at the end of that period must be—once again, as it was in Germany—a market driven regime.

In the end, freeing up competition—evolving an open skies approach—is in every coun-

try's interest. Liberalization and internationalization go hand in hand. And they are essential in today's economy.

And that really is my message today.

Gone are the days when we could chart a future built on cozy arrangements and back-room bilateral deals. The one covenant that counts—is the promise we make to the people we serve.

Thank you.

MESSAGE FROM THE PRESIDENT

A message from the President of the United States was communicated to the Senate by Mr. Thomas, one of his secretaries.

EXECUTIVE MESSAGE REFERRED

As in executive session the Presiding Officer laid before the Senate a message from the President of the United States submitting a nomination which was referred to the Committee on Armed Services.

(The nomination received today is printed at the end of the Senate proceedings.)

REPORT ENTITLED "HIGHWAY SAFETY: 1994"—MESSAGE FROM THE PRESIDENT—PM 83

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Commerce, Science, and Transportation.

To the Congress of the United States:

I transmit herewith the 1994 calendar year reports as prepared by the Department of Transportation on activities under the Highway Safety Act, the National Traffic and Motor Vehicle Safety Act of 1966, and the Motor Vehicle Information and Cost Savings Act of 1972, as amended.

WILLIAM J. CLINTON.

THE WHITE HOUSE, September 21, 1995.

MESSAGES FROM THE HOUSE

ENROLLED BILLS SIGNED

At 2:13 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the Speaker signed the following enrolled bills:

S. 464. An Act to make the reporting deadlines for studies conducted in Federal court demonstration districts consistent with the deadlines for pilot districts, and for other purposes.

S. 532. An Act to clarify the rules governing venue, and for other purposes.

At 5:45 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence with the Senate:

H.R. 1617. An Act to consolidate and reform workforce development and literacy programs, and for other purposes.

The message also announced that the House insists upon its amendments to